



[4830-01-p]

## DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9812]

RIN 1545-BL00

Guidance for Determining Stock Ownership; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to the final regulations (T.D. 9812) that were published in the Federal Register on Wednesday, January 18, 2017. The regulations identify certain stock of a foreign corporation that is disregarded in calculating ownership of the foreign corporation for purposes of determining whether it is a surrogate foreign corporation.

DATES: These corrections are effective on **[INSERT DATE OF PUBLICATION IN FEDERAL REGISTER]**, and applicable beginning January 13, 2017.

FOR FURTHER INFORMATION CONTACT: Joshua G. Rabon, (202) 317-6938 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

### **Background**

The final regulations that are the subject of this correction are under section 7874 of the Internal Revenue Code.

### **Need for Correction**

As published, the final regulations contain errors that may prove to be misleading and need to be clarified.

## **List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

## **Correction of Publication**

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

## **PART 1--INCOME TAXES**

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

Par. 2. Section 1.7874-4 is amended by revising paragraphs (i)(2)(iii)(A), (i)(2)(iii)(C) introductory text, and (i)(2)(iii)(C)(2) to read as follows:

**§1.7874-4 Disregard of certain stock related to the domestic entity acquisition.**

\* \* \* \* \*

(i) \* \* \*

(2) \* \* \*

(iii) \* \* \*

(A) A member of the expanded affiliated group, unless the holder of the obligation immediately before the domestic entity acquisition and any related transaction (or its successor) is a member of the expanded affiliated group after the domestic entity acquisition and all related transactions. See Example 6 of paragraph (j) of this section for an illustration of this paragraph (i)(2)(iii)(A).

\* \* \* \* \*

(C) A person, other than a member of the expanded affiliated group, that, before or after the domestic entity acquisition, either owns (applying the attribution rules of section 318(a) with the modifications described in section 304(c)(3)(B)) at least five percent (by vote or value) of the stock of (or partnership interests in) or is related (within the meaning of section 267 or 707(b)) to—

\* \* \* \* \*

(2) A person described in paragraph (i)(2)(iii)(B) of this section.

\* \* \* \* \*

Martin V. Franks,  
Chief, Publications and Regulations Branch,  
Legal Processing Division  
(Associate Chief Counsel),  
Procedure and Administration.

[FR Doc. 2017-18983 Filed: 9/6/2017 8:45 am; Publication Date: 9/7/2017]